Indian deposits in swiss banks

1378. SHRI D. B. CHANDRE GOWDA:
SHRI KAPIL VERMA;
SHRI RAM CHANDRA VIKAL:
SHRI M. S. GURUPADA-SWAMY-

Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the Indian deposits in Swiss banks have been mounting as per the study eon-ducted by IMF and reported in the • 'Indian Express' on the 25th October 1986;

(b) if so, what are the details in this regard;

(c) what is Government's reaction thereto; and

(d) what is the total Indian deposits in Swiss banks as per R.B.I, record?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) to (c) Yes, Sir. A copy of the statement made by the Finance Minister in the Lok Sabha on 14.11.1986 in response to a Calling Attention Notice regarding sharp increase in the clandestine deposits made by Indians in foreign banks is enclosed *(See* Statement below) .

(d) No information is available with the R.B.I.

Statement

Statement made by Shri Vishwanath Pratap Singh, Minister of Finance in Lok Sabha on 14.11.1986 *in response to Calling Attention Notice regarding Sharp Increase in the Viand.estine Deposis made by Indians in Foreign Banks.*

Mr. Speaker, Sir,

The subject of the Calling Attention Motion today is an extremely important one for the economic health of our coun-try. Of all the economic crimes committed against the nation, illegal siphoning of foreign exchange is probably the most serious, as it weakens the country, undermines our efforts at self-reliance and reduces our ability to cope with external problems.

As the House is aware recently certain reports have appeared referrng to a study made by a staff member of the IMF or* non-resident bant deposits and fiduciary deposits with Swiss Banks. This stuay shows that in 1984 such deposits from all countries, outside Switzerland, amounted to 342,375 million Swiss Francs. This study estimates-that nearly 49.1 per cent of such deposits in 1984 were held by residents of Middle East countries, 6.5 per cent by residents of Latin American countries, 5.3 per cent by residents of Asian .countries 'and 3.5 per cent by residents of African countries. . For India, the es-imau is that 1.937 million Swiss Francs, amounting to 0.6 per cent of total sJ:h -deposits, in 1984, were held in this form.

The Government has been aware that chiiiJestine deposits by Indian citizens in foreign banks do exist. These arise from various illegal practices, such as invoice manipulations in exports and imports, illegal retention of commissions abroad, illicit traffic in the drugs and the smuggling of Indian currency, etc. In order to curb such activities, the Government has launched a major drive against economic offenders. Recently, an Economic Intelligence Bureau has been set up in the Department of Revenue, and the Enforcement Directorate has stepped up raids and prosecution of persons and competes vio-lating FERA. Strong action has also beea taken to curb smuggling. In 1985-86, as a result of stepped-up efforts on the Enforcement side, over 5200 raids were conducted. The documents seized in lliese raids .uvolve crores of rupees and more than 1300 prosecutions were launched. The amount of gold seized by Customs authorities in 1985-86 was also the highest in recent history, at over 2,500 Kg., valued at more than Rs. 50 crores.

the number of persons prosecuted for smuggling and customs-related offences was over 2100 in 1985-86.

Simultaneously, the Government has also tried to create an atmosphere of healthy growth and investment in the country so that incentives to *keep* money abroad are feduced.

I would like to re-assure the House that the Government is determine d to work relentlessly to eliminate this evil.

Black money

1379. SHRI M. S. GURUPADASWAMY; Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have rejected the Finance Ministry sponsored study on black money by the National Institute of Public Finance and Policy;

(b) whether it is a fact that one of the members of the project team had disas-sociated himself from the conclusions and recommendations of the study report;

(c) if so, whether Government propose to initiate any fresh study in this regard through its Department; and

(d) if not, what other methods have been though of to overcome the menace of black money?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI); (a) No, Sir. The suggestions of the National Institute of Public Finance & Policy in their report on "Aspects of Black Economy in India" were reflected in the long term fiscal policy laid on the table of both the Houses of Parliament in the winter session of 1985. While framing the policy, the reactions of the Members of Parliament to the suggestions were also taken into consideration. The suggestons on which action has already been taken include *inter-alia* liberalisation of Summary Assessment Scheme and stepping up of searches, prosecutions and survey. The suggestions on which action was to be taken by the State Governments have been brought to their notice for consideration.

(b) Report does not indicate this.

(c) and (d) Questions do not arise.

Arms training to Indian Youths

1380. SHRI H. HANUMAN-THAPPA; Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether it is a fact that training is being given to Indian youths across the borders in Burma and Bangladesh in the use of arms and insurgent activities; and

(b) if so, what steps Government have taken to curb much activities?

. THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI EDUARDO FALEIRO): (a) Yes, Sir.

(b) The Government has more than once taken up with the Bangladesh Government the question of closing down the training camps of Tripura National Volunteers in the Chittagong Hill Tracts of Bargladesh The Prime Minister has also discussed the matter with president Ershad. The Bangladesh Government have, however, consistently denied the existence of such camps.

The Buremese Government have taken a series of actions against Indian insu-gents in Burma. Development activities have been taken up and security precautions have been strengthened in the border areas.

U.S. Chinese assistance to pakistan for the constructions of roads

1381. SHRI R. SAMBASIVA RAO: Will the Minister of EXTERNAL AFFAIRS be rleased to state;

(a) whether Government's attention has been drawn to a news item captioned U.S., China offer to Pak on road projects